ANNUAL REPORT

of the

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

2001 - 2002

Second Session of the Fifty-Eighth General Assembly

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House of Assembly
Nova Scotia

Hon. Murray Scott
Speaker
House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. Speaker,

On behalf of the Standing Committee on Public Accounts, I am pleased to submit the Annual Report of the Committee for the Second Session of the Fifty-Eight General Assembly.

Respectfully Submitted

William Estabrooks, MLA
(Timberlea - Prospect)
Chairman
Standing Committee on Public Accounts

Halifax, Nova Scotia

Printed on paper that contains recycled fibre

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INTRODUCTION

The Standing Committee on Public Accounts, an all-party Committee, was struck at the beginning of the First Session of the Fifty-Eighth General Assembly. Pursuant to Rule 60(3) of the ***Province of Nova Scotia Rules and Forms of Procedures of the House of Assembly***:

> The Chairman of the Public Accounts Committee shall be the Member chosen at the commencement of the first Session of each Assembly by the Opposition House Leader from among such Members of the Committee as are Members of the Official Opposition.[1]

The Vice-Chairman was chosen directly pursuant to Rule 60(3), but from among the Government Members of the Committee. During the session the Committee underwent a number of membership changes. The membership of the Public Accounts Committee currently is as follows:

Mr. William Estabrooks, MLA - Chairman
Timberlea -Prospect

Mr. Jim DeWolfe, MLA - Vice Chairman
Pictou East

Mr. Barry Barnet, MLA
Sackville - Beaver Bank

Mr. Bill Langille, MLA
Colchester North

Mr. Jon Carey, MLA
Kings West

Mr. Kerry Morash, MLA
Queens

Mr. Graham Steele, MLA
Halifax - Fairview

Mr. Russell MacKinnon, MLA
Cape Breton West

Mr. Don Downe, MLA
Lunenburg West

1. Province of Nova Scotia Rules and Forms of Procedure of the House of Assembly, July 1999, Page 63, Rule 60(3).

During the session the committee underwent a membership change. The change was as follows;

Mr. Bill Langille, MLA was replaced by;

Mr. Richard Hurlburt, MLA
Yarmouth

PROCEDURES AND OPERATIONS

The Public Accounts Committee traditionally meets once a week. These meetings are held on Wednesday mornings in the Legislative Chamber of the House of Assembly or in the Legislative Committees Office. During the Third Sitting in the First Session of the Fifty-Eighth General Assembly the Committee met on the following dates:

September 26, 2001

October 3, 2001
October 17, 2001
October 24, 2001
October 31, 2001

November 7, 2001
November 14, 2001
November 21, 2001
November 28, 2001

January 23, 2002
January 30, 2002

February 6, 2002
February 20, 2002

March 6, 2002
March 27, 2002

April 3, 2002
April 10, 2002
April 17, 2002

May 1, 2002
May 15, 2002
May 22, 2002
May 29, 2002

June 5, 2002

NOTICES

Notices of the Committee meetings are sent to all members of the Committee, the Auditor General, staff of the caucus offices, the Legislative staff and the House of Assembly Press Gallery. The notices are also posted in Province House and are on the committees' web-site.

VERBATIM TRANSCRIPTS

Transcripts of all public Committee meetings are available from the Legislative Library in Province House, the Legislative Committees Office or on-line at the Public Accounts Committee's web page at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/

RESEARCH MATERIAL

All research for the Public Accounts Committee is compiled by the Committee's Coordinator and Researcher, and distributed to the members. Reference material is placed in binders and distributed prior to meetings. This material is also made available to the Auditor General and Hansard Recording Services.

ANNUAL REPORTS

All reports from the Public Accounts Committee are compiled and written by the Committee's Coordinator. Once the Chairman and Vice Chairman have approved the initial draft, it is then sent to the individual Committee members for consideration. The draft review complete, the report is tabled with the Clerk of the House.

As recommended by the ***Guidelines for Public Accounts Committees in Canada***[2], distribution of the report is as follows: to the Speaker, all members of the Legislature, all witnesses that appeared before the Committee, the Legislative Library in Nova Scotia and in all other provinces and territories, Deputy Ministers, Chairmen of all Canadian Public Accounts Committees, and the Media. This report is also available to the general public upon request through the Legislative Committees Office or on-line at the Committees' web page at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/pa_pubs.html

ACKNOWLEDGMENTS

The Committee wishes to extend its gratitude to witnesses for their time and cooperation; Mr. Roy Salmon, Auditor General of Nova Scotia and his staff for being present at all of the Committee meetings to assist the Committee in its deliberations; Ms. Mora Stevens, Coordinator of the Public Accounts Committee and the staff of the Legislative Committees Office for the organization and research of committee meetings. Others whose assistance has been invaluable to the Committee are: Mr. Robert Kinsman, Editor of Hansard, and Hansard staff; Mr. Don Ledger, Co-ordinator Legislative Television and Broadcast Services, and staff; Ms. Margaret Murphy, Legislative Librarian , and staff; and Mr. Michael Laffin, Co-ordinator, House of Assembly Operations and staff.

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[2] **Guidelines for Public Accounts Committees in Canada, 1989.**

WITNESSES

WEDNESDAY, SEPTEMBER 26, 2001 ***SETTING FALL/WINTER AGENDA***

WEDNESDAY, OCTOBER 3, 2001 ***STATE OF TOURISM IN NOVA SCOTIA***

Department of Tourism and Culture
Ms. Marsha Andrews - Executive Director , Tourism Division
Mr. Rick Young - Manager, Trade Development

Tourism Partnership Council
Mr. Paul Stackhouse - Chairman , Tourism Partnership Council

WEDNESDAY, OCTOBER 17, 2001 ***DEPARTMENT OF EDUCATION CONCERNING KNOWLEDGE HOUSE INC AND THE "ADVANCED STUDIES PROGRAM"***

Department of Education
Mr. Dennis Cochrane, Deputy Minister
Mr. Mike Sweeney, Senior Executive Director, Public Schools
Mr. Darrell Youden, Senior Executive Director, Corporate Services

Department of Justice
Ms. Pauline Doucette, Lawyer (Negotiated the Contract)

WEDNESDAY, OCTOBER 24, 2001 ***KNOWLEDGE HOUSE INC. CONCERNING THE "ADVANCED STUDIES PROGRAM"***

Knowledge House Inc.
Mr. Dan Potter, Chairman and Chief Executive Officer
Ms. Cate MacNutt, Former Senior Vice President

WEDNESDAY, NOVEMBER 7, 2001 ***LONG TERM CARE/SINGLE ENTRY BACKLOG***

Department of Heath
Ms. Cheryl Doiron, Associate Deputy Minister of Health
Mr. Keith Menzies, Senior Director, Community Care Branch
Mr. Alan Horsburgh, Director, Financial Services Program
Ms. Joanne Bree, Manager, Financial Eligibility Review

WEDNESDAY, NOVEMBER 14, 2001 ***INFORMATION TECHNOLOGY IN THE HEALTH CARE SYSTEM***

Department of Health
Dr. Thomas Ward, Deputy Minister
Ms. Sarah Kramer, Chief Information Officer

WITNESSES

WEDNESDAY, NOVEMBER 21, 2001 ***HUMAN RESOURCES RETENTION AND RECRUITMENT***

Department of Health
Dr. Thomas Ward, Deputy Minister
Ms. Barb Oke, Nursing Policy Advisor

WEDNESDAY, JANUARY 30, 2002 ***EMERGENCY HEALTH SERVICES***

Department of Health
Ms. Marilyn Pike, Senior Director
Dr. Ed Cain, EHS Medical Director
Mr. Derek Leblanc, EHS MFR Coordinator

Emergency Medical Care Inc.
Mr. John Ferguson, EMC System Status Manager

WEDNESDAY, MARCH 6, 2002 ***SETTING THE SPRING AGENDA***

WEDNESDAY, MARCH 27, 2002 ***CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD***

Mr. Robert Parker, Board Chairman
Mr. Bruce MacIntosh, Board Legal Counsel
Mr. Gary Miller, Superintendent
Mr. Ronald Marks, Chairman, Finance Committee
Mr. Robert Sampson, External Legal Advisor
Ms. Val Gauthier, Acting Director of Finance
Dr. Brian Murphy, Assistant Superintendent of Human Resources

WEDNESDAY, APRIL 3, 2002 ***VARIOUS GOVERNMENT DEPARTMENTS CONCERNING MARK-LYN CONSTRUCTION***

Department of Economic Development
Mr. Chris Bryant, Executive Director, Strategic Management and Rural Development

Nova Scotia Business Inc.
Mr. George Reid, Manager, Real Estate

Department of Environment and Labour
Mr. Ron L'Esperance, Deputy Minister
Mr. Gerald MacLellan, Executive Director, Environmental Monitoring and Compliance Division
Mr. David Wigmore, System Manager
Mr. Sheldon Stone, Inspector, Western Region

Department of Transportation and Public Works
Mr. Ron Larder, Manager, Annapolis Valley Industrial Park
Mr. Don Sutherland, Director, Real Property Services

WITNESSES

WEDNESDAY, APRIL 10, 2002 — ***MARK-LYN CONSTRUCTION***

Mark-Lyn Construction
Mr. Peter Thomas, President
Mr. Greg Turner, Legal Counsel to Mark-Lyn Construction

WEDNESDAY, APRIL 17, 2002 — ***2001 REPORT OF THE AUDITOR GENERAL***

Auditor General's Office
Mr. Roy Salmon, Auditor General
Mr. Claude Carter, Deputy Auditor General
Ms. Elaine Morash, Assistant Auditor General
Mr. Alan Horgan, Assistant Auditor General

WEDNESDAY, MAY 1, 2002 — ***KPMG REPORT - NOVA SCOTIA ECONOMY***

Nova Scotia Business Inc.
Mr. J. Fred Morley, Senior Manager, Research

WEDNESDAY, MAY 15, 2002 — ***2001 REPORT OF THE AUDITOR GENERAL***

Auditor General's Office
Mr. Roy Salmon, Auditor General
Mr. Claude Carter, Deputy Auditor General
Ms. Elaine Morash, Assistant Auditor General
Mr. Alan Horgan, Assistant Auditor General

WEDNESDAY, MAY 22, 2002 — ***WATER TASK FORCE***

Department of Agriculture and Fisheries
Mr. Andrew Cameron, Chairman
Mr. Michael Langman, Director, Resource Stewardship Branch
Mr. Michael Johnson, Manager, Programs and Risk Management
Ms. Natalie Webster, Communications Officer

WEDNESDAY, MAY 29, 2002 — ***FIRE MARSHAL AND THE PUBLIC SAFETY DIVISION***

Department of Environment and Labour
Mr. Robert Cormier, Fire Marshal, Executive Director of Public Safety
Mr. Randy Kennedy, Manager, Elevators, Lifts and Amusement Devices
Mr. Charles Castle, Manager, Boiler and Pressure Vessels

WEDNESDAY, JUNE 5, 2002 — ***FALL AGENDA SETTING SESSION***

PUBLIC HEARINGS

STATE OF TOURISM IN NOVA SCOTIA

WEDNESDAY, OCTOBER 3, 2001

WITNESSES

Department of Tourism and Culture
Ms. Marsha Andrews - Executive Director , Tourism Division
Mr. Rick Young - Manager, Trade Development

Tourism Partnership Council
Mr. Paul Stackhouse - Chairman , Tourism Partnership Council

BACKGROUND

Tourism is an extremely important industry in Nova Scotia. Tourism generates $1.25 billion in revenues annually and creates 34,800 direct and indirect jobs within the province. The Department of Tourism is not only responsible for marketing the province but it also oversees the operational, regulatory, planning, development and evaluation functions of the industry.

The Tourism Partnership Council was formed in 1996 in conjunction with tourism operator and participants to work with the Department of Tourism in order to plan and market Nova Scotia. The Strategic Objectives of the Department and Council are:

- to grow revenues from the touring Market;
- to improve the quality, competitiveness and sustainability of our tourism product;
- to build a twelve month season;
- to develop viable niche markets; and
- to improve transportation access and improve the business environment for tourism.

REPORT OF THE AUDITOR GENERAL

The Auditor General has not audited the Departm ent of Tourism since 1997. At the time of that audit the Department of Economic Development and Tourism - Tourism Nova Scotia were one Department. Copies of the audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/1997/AG97_7.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Marketing strategy, 2002 Market strategy, exit surveys,
- Access to the US market, US economic concerns;
- Terrorism (September 11, 2001), security measures throughout the world;
- Transportation, the CAT ferry, quality of Nova Scotia highways, highway clean up programs, signage;

- Access to airports, security, flight availability;
- Growth of the cruise industry in Nova Scotia;
- Crown land usage, Integrated Resource Management (IRM) Plan;
- Tourism Industry Association Nova Scotia (TIANS);
- Tourism literature, Visitor Information Centres; and
- Special Events, Boston Tree Lighting, Celtic Colours, East Coast Music Awards.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Tourism:

- 2001 ticket sales figures for the Celtic Colours Festival;
- Airline survey results for November and December 2001;
- Integrated Resource Management (IRM) Plan paper;
- Parks Canada tourism figures for Louisbourg; and
- Statistics on the number of complaints received concerning the condition of Nova Scotia highways.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011003.htm

DEPARTMENT OF EDUCATION CONCERNING KNOWLEDGE HOUSE INC AND THE "ADVANCED STUDIES PROGRAM"

WEDNESDAY, OCTOBER 17, 2001

WITNESSES

Department of Education
Mr. Dennis Cochrane, Deputy Minister
Mr. Mike Sweeney, Senior Executive Director, Public Schools
Mr. Darrell Youden, Senior Executive Director, Corporate Services

Department of Justice
Ms. Pauline Doucette, Lawyer (Negotiated the Contract)

BACKGROUND

Within the public school system in Nova Scotia there were only two programs where students could have a higher level of learning. One is the **International Baccalaureate (IB) Program**, which is a foreign based program originally developed to serve the needs of diplomats' children. It is an expensive program and it is only offered in two schools in the Province. The other program available is the **Advanced Placement Program**, which is American based and relies heavily on the use of exams. This is a popular program throughout Canada but it has not really been successful in Nova Scotia.

In 1996 the Department of Education was looking for a program that could challenge student capable of learning at an advanced level. The department was looking for a program that could be made available throughout the Province and not just in a limited number of schools. In 2000 a pilot project in the Chignecto Central Regional School Board introduced he Advanced Studies Program (ASP). The ASP is a technologically based, collaborative learning model developed by Knowledge House Inc. The pilot project was considered to be a success and the Department of Education started to move forward with implementation of the program throughout schools across Nova Scotia.

The Department of Education through the ***Procurement Manual for the Province of Nova Scotia***[3] sole-sourced the ASP. At the time the Department was under the assumption that there was an absence of competition in Nova Scotia to supply the goods and services that this program required.

On March 19, 2001 the Department of Education and Knowledge House Inc. signed a letter of understanding concerning a contract for the development of the ASP. The provincial government secured $100,000 and an additional $1.2 million was secured from the Economic Development Agreement (EDA).
[The EDA is an agreement between the Federal and Provincial Governments, that has a budget line item set aside for software development]

On August 16, 2001 a contract was signed between the Department of Education and Knowledge House Inc. for the "Advanced Studies Program". On August 26, 2001 a confidential memorandum (See Appendix I) was sent to the Deputy Minister of Education from the Chairman of Knowledge House Inc. regarding the

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[3] **Procurement Manual for the Province of Nova Scotia, Paragraph 8, Section 8.4.**

financial status of the company. This memo also provided a back-up plan for the department in case of a complete financial failure of Knowledge House Inc.

REPORT OF THE AUDITOR GENERAL

The Auditor General has not audited the Department of Education concerning the contract with Knowledge House for the Advanced Studies Program.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Status of Advance Studies Program;
- Procurement guidelines, sole-sourcing;
- Economic Development Agreement (EDA);
- Letter of Understanding between the Department and Knowledge House Inc.(KHI);
- Value of KHI. stock after the "tech wreck" ;
- Timing surrounding invoices submitted by Knowledge House Inc.; and
- KHI's unaudited financial statements, financial profile of KHI salaries of top KHI executives.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Education:

- Procurement Procedures for Sole-sourcing a contract; and
- Copies of three letters concerning insurance from Knowledge House Inc.;
- A copy of the Letter of Understanding between the Department of Education and Knowledge House Inc. - March 19, 2001; and
- A copy of a memo from the President of Knowledge House Inc. to the Deputy Minister of Education - August 26, 2001.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011017.htm

KNOWLEDGE HOUSE INC. CONCERNING THE "ADVANCED STUDIES PROGRAM"

WEDNESDAY, OCTOBER 24, 2001

WITNESSES

Knowledge House Inc.
Mr. Dan Potter, Chairman and Chief Executive Officer
Ms. Cate MacNutt, Former Senior Vice President

BACKGROUND

Knowledge House Inc. (KHI) is a research and development company that has invested approximately $10 million in the last three years in the development of educational programs such as the "Advanced Studies Program"

Knowledge House's mission is the delivery of highly engaging, experienced-based, collaborative educational programs designed to develop critical thinking, resourceful people who will be the kind of life-long learners and team players ideally suited to the new economy in North America and elsewhere. Knowledge House is dedicated to taking that proven educational model to the Internet and web-based learning.

On March 19, 2001 the Department of Education and Knowledge House Inc. signed a letter of understanding concerning a contract for the development of the ASP. The provincial government secured $100,000 and an additional $1.2 million was secured from the Economic Development Agreement (EDA).
[The EDA is an agreement between the Federal and Provincial Governments, the agreement has a budget line item set aside for software development]

On August 16, 2001 a contract was signed between the Department of Education and Knowledge House Inc. for the "Advanced Studies Program". On August 26, 2001 a confidential memorandum (See Appendix I) was sent to the Deputy Minister of Education from the Chairman of Knowledge House Inc. regarding the financial status of the company. This memo also provided a back-up plan for the department in case of a complete financial failure of Knowledge House Inc.

REPORT OF THE AUDITOR GENERAL

The Auditor General has not audited the Department of Education concerning the contract with Knowledge House for the Advanced Studies Program.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Advanced Studies Program modules, software ownership, programs platform, sole sourcing;
- March 19, 2001 Letter of Understanding, August 26, 2001 contract;
- Correspondence between the Department and KHI;
- Financial Statements from KHI, creditors;
- Pilot Project funded by KHI in the Chignecto Central Regional School Board, Aliant Canada;
- Intellectual Property, 5 year licence, payment schedule of contract;

- Enterprise Cape Breton, Silicon Island;
- Jack Sullivan's personal loan guarantee, National Bank of Canada, IBK Capital Bank ; and
- Research and development at KHI, consulting services used by KHI, Nova Scotia Business Inc..

DOCUMENTATION REQUESTED

The following documents were requested from senior officials from Knowledge House Inc.:

- All KHI Invoices and subsequent correspondence between KHI and the Department of Education
- All correspondence concerning the Advanced Studies Program (ASP) between KHI and the Department of Education
- All correspondence concerning Silicon island correspondence between KHI and Enterprise Cape Breton Corporation
- All documents created by Department of Education and KHI concerning the Review of KHI efforts and costs related to demonstrating collaborative problem-based learning program innovative for NS high schools
- Copies of any/all e-mail between Tom Rich, Department of Education and Dan Potter, KHI

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011024.htm

LONG TERM CARE/SINGLE ENTRY BACKLOG

WEDNESDAY, NOVEMBER 7, 2001

WITNESSES

Department of Heath
Ms. Cheryl Doiron, Associate Deputy Minister of Health
Mr. Keith Menzies, Senior Director, Community Care Branch
Mr. Alan Horsburgh, Director, Financial Services Program
Ms. Joanne Bree, Manager, Financial Eligibility Review

BACKGROUND

The Department of Health's goal is to develop a clear vision and action plan for Long Term Care and Home Care to better meet the needs of the aging population in Nova Scotia. In order to achieve this goal the Department implemented, as of April 1, 2001, the Single Entry Access (SEA) process. The SEA process is a new approach to assist and support seniors and their families as they explore the use of nursing homes and long term care facilities. SEA is meant to simplify access to information, assessment of individuals and services.

In using the SEA model the Department of Health sees the following benefits;

- The full range of community and facility options are considered for each individual;
- Preventable health and functional conditions are identified and treated;
- Access to services is controlled through consistent application of priorities and eligibility criteria;
- Individuals are appropriately referred to services based on the level of need, thereby, reducing the risk of under-servicing or over-servicing;
- Inappropriate institutional placement is avoided for clients and families at the point of intake; and
- Professional assessments are streamlined and duplication is avoided.

REPORT OF THE AUDITOR GENERAL

The Auditor General has not audited the Single Entry Access Process as of yet, since it has just been implemented. However, the Auditor General did audit the Department of Health - Homes for Special Care in both 1997 and 1998. Copies of these audits can be obtained from the Office of the Auditor General or online at the following address:

Department of Community Services and Health - Homes for Special Care - Phase I

http://www.gov.ns.ca/audg/1997/AG97_6.pdf

Department of Health - Homes for Special Care - Phase II

http://www.gov.ns.ca/audg/1998/AG98_11.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Single Entry Access (SEA) backlog, process of the program, shortage of nurses and beds;
- Budget review and implementation plans, user fees;
- Standardization of health care costs to seniors, financial eligibility rules, contribution rates;
- Retroactive billings in nursing homes, schedule of fees in nursing homes;
- Education of seniors concerning the SEA system;
- Robin L. Stadnyk 3 Model Study, MBS Assessment Tools; and
- Social Assistance Act.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Health:

- Study by Ms. Robin Stadnyk School of Occupational Therapy at Dalhousie University - "Funding Nursing Home Care in Canada: A Comparison of Regional Policies and their Social Impacts";
- Review of the Income-and Asset-Based Model;
- "Budget Review and Implementation Planning" an income assessment process and options for expanding the assessment to include other financial measures of financial positions was recommended by a consultant. Has the Department considered this recommendation further and if so, and if the Department plans to go ahead with this review, please inform the PAC;
- All statistic information/figures concerning the number of patients backlogged for entrance into nursing homes as well as the exact figures concerning the percentages of beds utilized, with alternative levels of care;
- Department of Health - Community Support for Adult Programs 2001; and
- A copy of the original 1998 document called Requirements for Financial Assistance Applications.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011107.htm

INFORMATION TECHNOLOGY IN THE HEALTH CARE SYSTEM

WEDNESDAY, NOVEMBER 14, 2001

WITNESSES

Department of Health
Dr. Thomas Ward, Deputy Minister
Ms. Sarah Kramer, Chief Information Officer

BACKGROUND

Nova Scotia's health information system is client based. It is a portable electronic health record. The system provides live input and extraction of standardized and complete health information. The Information Technology (IT) system was created for many reasons such as ensuring the improvement of Nova Scotian's overall health status, improving the overall performance of the health care system as well as providing a better way for the allocation of resources from dollars, human services, buildings and equipment.

The development of the IT system has taken a number of years. In 1995, a Health Information System was developed, envisioning an integrated hospital information system. The system was accepted at this time but it was not implemented. Then in 1997 the Cape Breton Regional Health Board led in the development of a Request for Proposal (RFP) for an information system. Because of this initiative a thorough and inclusive review process occurred resulting in the selection of Meditech as the vendor for the new information system. In June of 1999, the government established a $75 million fund and set up a Health Information Action Team to update the health information systems strategy and develop an implementation plan. By the winter of 2000 the implementation specifications and plans were finalized.

REPORT OF THE AUDITOR GENERAL

In 2000, the Auditor General Report contained a number of audits on the Department of Health. In Chapter 7 - Cape Breton Health Care Complex there is a section entitled Information Technology. Copies of this audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2000/chpt7_00.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Portable electronic healthcare, linkage between Meditech software and Emergency Medical Care hardware; Contacts, Request For Proposal (RFP), Alternative Procurement Practices (APP) policy, implementation of system, system standards,
- Cape Breton Regional Healthcare Complex Pilot Project, CHIPP Grant, Picture Archive Catalog (PAC) System; and
- Information Management Strategy, safety and security of the system, provincial SAP System, licensing cost.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Health:

- A copy of the original December 1997 Request For Proposal (RFP) concerning the new hospital information system;
- A copy of the March 31, 2001 - Alternative Procurement Practices Report;
- A copy of all information concerning the integration costs surrounding Meditech financial system and its integration in to the government SAP system;
- All documentation concerning the selection of Meditech and the professional advice received by the Department of Health concerning the selection;
- A copy of all costs associated with the licensing of the SAP system; and
- A copy of any written directives , regulations and criteria concerning the SAP Program.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011114.htm

HUMAN RESOURCES RETENTION AND RECRUITMENT

WEDNESDAY, NOVEMBER 21, 2001

WITNESSES

Department of Health
Dr. Thomas Ward, Deputy Minister
Ms. Barb Oke, Nursing Policy Advisor

BACKGROUND

Human Resources within the healthcare system in Nova Scotia represents approximately sixty-five percent of the overall cost of the system. It is perhaps the most critical component in the successful implementation of healthcare in Nova Scotia. As a result the Department of Health has launched a number of innovative approaches and collaborative partnerships in order to maintain a consistent and efficient system.

The Department of Health created a *Working Group on Health Human Resources* in order to develop a framework for ongoing planning for the province. One of the goals of this group is to improve the appropriateness and responsiveness of the health labour force while effectively and efficiently meeting the health care needs of Nova Scotians.

REPORT OF THE AUDITOR GENERAL

The Office of the Auditor General has never performed an audit on the Retention and Recruitment of Human Resources within the Department of Health.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Canada Health Act, arbitration process concerning remuneration, contracts, tentative deal with the medical society;
- Royal College of Physicians and Surgeons, Nurses Union, nursing strategy, mandatory overtime, alternative funding programs, On-call for specialists;
- Cooperation between the Atlantic Provinces concerning compensation, funding and referral programs;
- Nursing vacancies, nursing strategies and initiatives, doctor shortages, burn out rates, urban verses rural shortages;
- User fees, Co-Pay programs, Home support workers; and
- Educational bursary programs for nurses and licensed practical nurses.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Health:

- A complete list of user fees charged by the Department of Health;
- A breakdown of the ages of doctors in Nova Scotia;
- Any/All statistics concerning the burnout rates for doctors, nurses and licensed practical nurses; and
- Any/All documentation concerning a buyout program for Doctors instituted by the Province aimed at Doctors who were considering retirement.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa011121.htm

EMERGENCY HEALTH SERVICES

WEDNESDAY, JANUARY 30, 2002

WITNESSES

Department of Health
Ms. Marilyn Pike, Senior Director
Dr. Ed Cain, EHS Medical Director
Mr. Derek Leblanc, EHS MFR Coordinator

Emergency Medical Care Inc.
Mr. John Ferguson, EMC System Status Manager

BACKGROUND

The Emergency Health Services (EHS) division of the Department of Health was established in 1994 to develop, implement, monitor and evaluate pre-hospital emergency health services in Nova Scotia. In order to achieve this goal EHS sets policies and strategic direction to determine standards, monitors quality of services and manage contracts. There are a number of different programs and contractors within the division that provide these services:

Ground Ambulance	Emergency Medical Care Inc.
Communications and Dispatch	Emergency Medical Care Inc.
Technical Operations	Tri-Star Industries Ltd.
Medical Control	Physicians Personal Services Contracts
Air Medical Transport	Shock Trauma Air Rescue Society (STARS) and Canadian Helicopter Ltd.

Additional Programs within EHS are Provincial Trauma, Medical First Response and Training.

REPORT OF THE AUDITOR GENERAL

The Auditor General has audited the Department of Health- Emergency Health Services numerous times. The latest audit was in 2000. The scope of the audit is as follows;

- The adequacy of the accountability and financial management framework of the Branch and its contractors to the Minister, Deputy Minister and the Legislature;
- Whether the administration, management and evaluation of service contracts, administered by the Branch, are conducted with due regard for economy and efficiency;
- The adequacy of the administration, management, accounting and control systems over the ambulance fleet and other equipment administered by the Branch or its contractors;
- Whether procurement systems, policies, procedures and controls provide due regard for economy and efficiency, and compliance with government procurement policies;
- Whether the acquisition of private ambulance operators was administered with due regard for economy and efficiency; and
- The services subject to user fees are established and whether the Province is assessing and collecting all the revenues and user fees to which it is entitled.

Copies of this audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2000/chpt8_00.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- User fees for Ambulance, Legal opinion concerning user fees, policies and decisions concerning the use of user fees, collection of user fees by Emergency Medical Care (EMC);
- Tri-Star, Response times for ambulances, performance standards;
- Nurses in ambulances, trauma teams;
- Fitch Report, Auditor General's findings in the 2000 Audit;
- Progression concerning Emergency medical technician training, tracking the upgrading system, possibility of moving training programs out of Halifax to Holland College;
- Retention and recruitment of Emergency Medical Technicians (EMT), EMT salaries and benefits;
- Insurance Cost; and
- Air Ambulance cost and usage.

DOCUMENTATION REQUESTED

The following documents were requested from the Department of Health:

- A copy of the legal opinion obtained by the Department of Health concerning user fees;
- A copy of the statistics concerning the air ambulances flight hours;
- A copy of all costs associated with the lease, maintenance and operating costs of the province's ambulances; and
- A teddy bear like those given to children that ride in an ambulance.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa020130.htm

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

WEDNESDAY, MARCH 27, 2002

WITNESSES

Mr. Robert Parker, Board Chairman
Mr. Bruce MacIntosh, Board Legal Counsel
Mr. Gary Miller, Superintendent
Mr. Ronald Marks, Chairman, Finance Committee
Mr. Robert Sampson, External Legal Advisor
Ms. Val Gauthier, Acting Director of Finance
Dr. Brian Murphy, Assistant Superintendent of Human Resources

BACKGROUND

The Chignecto-Central Regional School Board (CCRSB) is the second largest Regional School Board in Nova Scotia. The CCRSB is twice the geographical size of Prince Edward Island. There are 93 schools within the system and there are 3.4 million square feet of school buildings. The CCRSB has 3200 employees 1500 of which are teachers. In 2000-2001 the CCRSB budget was $132 million; 87% of the budget is expended in salaries. The CCRSB has never run a budget deficit.

In the Fall of 2001 the Superintendent of the CCRSB, Elmer MacDonald, was suspended by the Board of Directors, then resigned. The Chief Financial Officer(CFO), Robert Renouf, also resigned. The CCRSB said at that time that there was a failure for the Superintendent and the CFO to properly communicate with the CCRSB in relation to $1.7 million in expenditures that fell outside of budget allocations.

The Department of Education established a Minister's Review Committee in order to investigate these allegations of wrong doing at both the CCRSB and the Stait Regional School Board. An organizational review was ordered of the CCRSB. The Review Committee found that the $1.7 Million was spent for valid educational purposes; however, those expenditures were not made in accordance with CCRSB policy, and the geographical distribution of the expenditures did not reflect equity in the distribution of education spending. This inequity occurred due to senior staff accrued purchase orders. The CCRSB also initiated its own review by legal counsel and the auditing firm of Grant Thornton.

REPORT OF THE AUDITOR GENERAL

In 2000, the Auditor General audited both the Halifax Regional School Board (HRSB) and the Chignecto-Central Regional School Board (CCRSB) concerning their budgeting and financial management practices. The scope of the audit is as follows;

- Review and assess CCRSB's and HRSB's business plans as a foundation for the budgets and the linkages between business plans and budgets;
- assess the adequacy of CCRSB's and HRSB's financial management environment;
- review and assess the processes followed in the preparation of CCRSB's and HRSB's approved 2000-01 budgets;
- review and assess the support for the approved budgets, including supporting calculations and assumptions;
- form an opinion on reasonableness of budgets;
- review and assess CCRSB's and HRSB's accountability relationship with the Department of Education

as it relates to their budgeting processes; and
- review and assess CCRSB's and HRSB's process f or periodic monitoring of financial results and forecasting results to year end.

Copies of this audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2000/Chpt5_00.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Personal services contracts cash payments for vacations, inflated pension earnings, travel expenses for Elmer MacDonald, Robert Renouf and George Unsworth, salaries of entire board staff;
- Quality of education since amalgamation process, school closures, classroom size, family of five;
- Superintendents discretionary fund of $1.7 million, budget surpluses, capital expenditures, purchase orders;
- reform of school board, reform of accounting practices, new financial handbook for board members;
- repayment to board of loan made to Elmer MacDonald, Robert Samson's legal fees;
- KPMG Financial Statements Audit, Audit by the Auditor General; and
- Business Plans, Value for dollar.

DOCUMENTATION REQUESTED

The following documents were requested from the Chignecto Central Regional School Board:

- 2002/2003 CCRSB Draft Business Plan;
- Closure study on the East River/St. Mary's School;
- Statistics for the past six years on term teaching positions within CCRSB;
- Samson Report complete with appendices;
- Complete breakdown of the costs associated with the renovations to the Elmsdale School;
- Financial documentation concerning the rent per square foot at the Elmsdale School; and
- School Enrollment figures for the entire CCRSB for the last six years as well as a copy of any/all projections the CCRSB may have on future enrollment.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002mar27.htm

VARIOUS GOVERNMENT DEPARTMENTS CONCERNING MARK-LYN CONSTRUCTION

WEDNESDAY, APRIL 3, 2002

WITNESSES

Department of Economic Development
Mr. Chris Bryant, Executive Director, Strategic Management and Rural Development

Nova Scotia Business Inc.
Mr. George Reid, Manager, Real Estate

Department of Environment and Labour
Mr. Ron L'Esperance, Deputy Minister
Mr. Gerald MacLellan, Executive Director, Environmental Monitoring and Compliance Division
Mr. David Wigmore, System Manager
Mr. Sheldon Stone, Inspector, Western Region

Department of Transportation and Public Works
Mr. Ron Larder, Manager, Annapolis Valley Industrial Park
Mr. Don Sutherland, Director, Real Property Services

BACKGROUND

Mark-Lyn Construction Limited was registered and Incorporated in 1991. In 1996 Mark-Lyn Construction leased 3.5 acres of land in the Annapolis Valley Industrial Park (AVIP) in order to manufacture and sell top soil and compost material. A permit for composting was issued to Mark-Lyn Construction in 1998 and a draft set of guidelines for the removal of the top soil was issued.

It was determined that the AVIP was not a suitable location for Mark-Lyn Constructions operation so in 1999 Mark-Lyn Construction purchased the Baltzer's Bog property with the agreement of the government that topsoil removal and composting would take place at this location. However, the government approved top soil removal but denied the composting process at the Baltzer's Bog location. Mark-Lyn Construction was reimbursed by the Business Development Corporation (BDC) $17,5000 per acre (up to 4 acres of land) for improvements made to the AVIP location. In 2000 Mark-Lyn Construction left the AVIP site. However, by mid of 2000 the Department of Environment and Labour, had issued a warning that Mark-Lyn had failed to comply with conditions respecting rem oval of composting materials from their former AVIP location.

Mark-Lyn construction was given a loan by the BDC for the purchase of the Baltzer's Bog property ($90,000 for 70 acres of land) It was during this period that num erous complaints were receiv ed from the residents surrounding the Baltzer's Bog area. The government performed a number of inspections of both the AVIP and Baltzer's Bog locations. Soil was inspected, 19 test wells were drilled and tested for fecal coliform contamination.

Letters from the surrounding community were received by various government departments concerning the impact of commercial and industrial activity at the Baltzer's Bog site. Further inspections were conducted and meetings were held within government to determine what each of the various departments were doing at the sites.

REPORT OF THE AUDITOR GENERAL

The Office of the Auditor General has never performed an audit concerning the various government departments and their business transactions with M ark-Lyn Constructions.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Lagasse Report, Env ironmental Assessment, Permit for the removal of top soil ;
- Baltzer's Bog Property composting, Annapolis Valley Industrial Park land usage agreement, improvements;
- Department of Environment and Labour com pliance Orders,
- Business Dev elopment Corporation loans,
- Tracking the correspondence between v arious government departments

DOCUMENTATION REQUESTED

The following document was requested from the witnesses:

- "Right of Use" Agreement between the Annapolis Valley Industrial Park and Mark-Lyn Construction.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002apr03.htm

MARK-LYN CONSTRUCTION

WEDNESDAY, APRIL 10, 2002

WITNESSES

Mr. Peter Thomas, President
Mr. Greg Turner, Legal Counsel to Mark-Lyn Construction

BACKGROUND

Mark-Lyn Construction Limited was registered and Incorporated in 1991. In 1996 Mark-Lyn Construction leased 3.5 acres of land in the Annapolis Valley Industrial Park (AVIP) in order to manufacture and sell top soil and compost material. A permit for composting was issued to Mark-Lyn Construction in 1998 and a draft set of guidelines for the removal of the top soil was issued.

It was determined that the AVIP was not a suitable location for Mark-Lyn Constructions operation so in 1999 Mark-Lyn Construction purchased the Baltzer's Bog property with the agreement of the government that topsoil removal and composting would take place at this location. However, the government approved top soil removal but denied the composting process at the Baltzer's Bog location. Mark-Lyn Construction was reimbursed by the Business Development Corporation (BDC) $17,5000 per acre (up to 4 acres of land) for improvements made to the AVIP location. In 2000 Mark-Lyn Construction left the AVIP site. However, by mid of 2000 the Department of Environment and Labour, had issued a warning that Mark-Lyn had failed to comply with conditions respecting rem oval of composting materials from their former AVIP location.

Mark-Lyn construction was given a loan by the BDC for the purchase of the Baltzer's Bog property ($90,000 for 70 acres of land) It was during this period that num erous complaints were receiv ed from the residents surrounding the Baltzer's Bog area. The government performed a number of inspections of both the AVIP and Baltzer's Bog locations. Soil was inspected, 19 test wells were drilled and tested for fecal coliform contamination.

Letters from the surrounding community were received by various government departments concerning the impact of commercial and industrial activity at the Baltzer's Bog site. Further inspections were conducted and meetings were held within government to determine what each of the various departments were doing at the sites.

REPORT OF THE AUDITOR GENERAL

Mark-Lyn Construction is a private company therefore the Office of the Auditor General has never performed an audit on the com pany.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Compost to recycle production;
- Baltzer's Bog loan ($91,000) f rom BDC, 9.7% interest rate on loan;

- Annapolis Valley Industrial Park operation, extraction of soil, composting, documentation of permits;
- Department of Environment and Labour permit for top soil removal and composting;
- Environmental Assessment for peat moss removal, top soil versus peat moss;
- Soil erosion, sediment of water, progressive reclamation; and
- Citizens Liaison Committee, zoning, fuel dumping allegations.

DOCUMENTATION REQUESTED

The Committee requested the following document from Mark-Lyn Construction Limited;

- A copy of the written permission that Mark-Lyn Construction received for their expansion of acreage in the Annapolis Valley Industrial Park.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002apr10.htm

2001 REPORT OF THE AUDITOR GENERAL

WEDNESDAY, APRIL 17, 2002 & WEDNESDAY, MAY 15, 2002

WITNESSES

Auditor General's Office
Mr. Roy Salmon, Auditor General
Mr. Claude Carter, Deputy Auditor General
Ms. Elaine Morash, Assistant Auditor General
Mr. Alan Horgan, Assistant Auditor General

BACKGROUND

The 2001 Auditor General Report contains results from audits performed by the Office of the Auditor General during the 2001 calendar year. The objective of the report is to assist Members of the House of Assembly in exercising their responsibility to hold the government accountable for the management of public funds. The Auditor General's Office uses the standards of the Canadian Institute of Chartered Accountants (CICA) to perform all audit work.

REPORT OF THE AUDITOR GENERAL - 2001

In the 2001 Auditor General's Report, audit work was performed on the following departments:

Government Wide Issues
Accountability Information and Reporting

Financial Planning and Budgeting
Central Government and Departments
Capital Expenditures
Capital District Health Authorities

Departmental Audits
Agriculture and Fisheries - Food Safety
Education - Planning for School Capital Expenditures and School Book Bureau
Environment and Labour - Occupational Health and Safety and Public Safety
Finance - Treasury Management System
Justice and Health - Central Nova Scotia Correctional Facility and East Coast Forensic Psychiatric Hospital

Crown Agencies and Corporations
Halifax-Dartmouth Bridge Commission
Review of Financial Statements and Management Letters

Other Audit Observations
Additional Appropriations
Cash and Other Losses

Office of the Auditor General
Report on the Office of the Auditor General

Copies of the 2001 Report of the Auditor General can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2001ag.htm

MATTERS OF DISCUSSION

A thorough overview of all of the audits performed by the Auditor General's Office in 2000 was given to the Committee. However, specific matters that came under a great deal of discussion were as follows:

- Accountability, Provincial Finance Act, Additional Appropriations, G enerally Accepted Accounting Principals (GAAP), Canadian Institute of Chartered Accountants (CICA);
- Nova Scotia's Debt, Planning and budgeting processes, Value of Canadian Currency, Interest Rates, debt ratio, actuals, infrastructure, business plans;
- Surplus Management plan versus debt management;
- Transportation trust fund for 100 series roads, P 3 School System(leasing versus owning), deferred maintenance on schools;
- Central Nova Scotia Correctional Facility and East Coast Forensic Psychiatric Hospital;
- State of the Occupational Health and Safety and Public Safety systems, inspections, information systems, amusements, Fire Marshall, Workers' Compensation Board; and
- Food Safety and Inspection Services, Standards and degree of risk;

Many issues raised in the 2000 Report of the Auditor General were looked into in some detail by the Committee during specific public hearings with department officials.

DOCUMENTATION REQUESTED

The Committee did not request the Auditor G eneral to provide further documentation.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/com m/pa/pa_2002apr17.htm
http://www.gov.ns.ca/legislature/hansard/com m/pa/pa_2002may15.htm

KPMG REPORT - NOVA SCOTIA ECONOMY

WEDNESDAY, MAY 1, 2002

WITNESSES

Nova Scotia Business Inc.
Mr. J. Fred Morley, Senior Manager, Research

BACKGROUND

In 2002 KPMG completed the Competitive Alternatives Report which is a comparison of business costs in North America, Europe and Japan. The Report looks at 86 cities in nine countries. KPMG analyzed 27 cost factors that impact on business in each location, as they applied to specific business operations. The study took place over a span of 10 months. The study looked at over 1000 businesses and analyzed over 30,000 items of data. The basis of comparison is the after-tax cost of startup and operation for 12 specific types of businesses, over a ten-year time period.

The study determined that Canada is the overall cost leader for 2002 with a cost index of 85.5, which represents a 14.5% cost advantage over the United States.

A copy of the complete study can obtained from the Office of Economic Development or it can be located at the following web-site address:

Http://www.CompetitiveAlternatives.com

REPORT OF THE AUDITOR GENERAL

The Auditor General has not audited the KPMG Report into the Nova Scotia Economy.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Incoming business growth versus existing business stability;
- Comprehensive program on business expansion for existing companies;
- Nova Scotia Business Inc. (NSBI), Industrial Estates;
- Job creation targets, Gross Domestic Product, research surrounding budget allocation;
- Pharmaceutical Industry, Chemical Industry, Electronic Assembly;
- The new economy and industries versus the traditional markets (mining, fisheries, forestry, tourism);
- Red Cross Blood Fractionation Plant, anchor industry, the role of incentives; and
- Target projections for jobs, Intellectual Property.

DOCUMENTATION REQUESTED

The Committee asked for the following documentation from the witness;

- A copy of the financials that outline the amount in dollars that Nova Scotia Business Inc. has at its disposal to use for investments in businesses (Nova Scotia Business Funds as well as other strategic and industrial investment funds);
- A copy of all documentation concerning the research that NSBI has done concerning the allocation of funds that are put into the various business sectors that have received loans;
- A copy of Nova Scotia Business Inc. business plan.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002may01.htm

WATER TASK FORCE

WEDNESDAY, MAY 22, 2002

WITNESSES

Department of Agriculture and Fisheries
Mr. Andrew Cameron, Chairman
Mr. Michael Langman, Director, Resource Stewardship Branch
Mr. Michael Johnson, Manager, Programs and Risk Management
Ms. Natalie Webster, Communications Officer

BACKGROUND

The Water Task Force is an inter-divisional team in the Department of Agriculture and Fisheries with representatives from all divisions. It was established in order to address the complex cross-cutting issues of water quality and quantity.

The scope of the Task Force is to address the sustainable water management in the agriculture, fisheries and aquaculture sectors of Nova Scotia. The objective of the task force is to provide a centralized, coordinated and focused approach within the department to address water issues. The goal is to increase awareness and appreciation among all of the stakeholders for balancing resource development and environmental stewardship.

This program is meant to help deliver an operational strategy which will ensure that policies, programs and services of the Government are compatible and support a sustainable water m anagement.

REPORT OF THE AUDITOR GENERAL

The Water Task Force is a newly formed organization within government, therefore it has never been audited by the Auditor General.

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Terms of Reference for the taskforce, irrigation, surface water, exporting of water, defining ice
- Drinking water, protecting water supplies;
- Impact on agriculture, use of pesticides, nutrients and nitrates;
- Health impacts on pregnant women and small children, alternate water supplies, water testing. Boil orders;
- Department of Agriculture and Fisheries studies into the use of manure, storage, spreading, grey water, tile drainage and constructive wetlands;
- Drought Assistance Programs, flooding, use of dyke lands;
- Non compliance issues, land use by-laws by watersheds, water storage; and
- Annapolis Valley, Truro, Canning contamination levels of nitrates.

DOCUMENTATION REQUESTED

The Committee asked for the following documents to be forwarded;

- A copy of the Land studies for 1964, 1974, 1989 and anything compiled recently concerning the levels of Pesticides and Nutrients; and
- A copy of the 1994 Farm Well Water Quality Assurance Study.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002may22.htm

FIRE MARSHAL AND THE PUBLIC SAFETY DIVISION

WEDNESDAY, MAY 29, 2002

WITNESSES

Department of Environment and Labour
Mr. Robert Cormier, Fire Marshal, Executive Director of Public Safety
Mr. Randy Kennedy, Manager, Elevators, Lifts and Amusement Devices
Mr. Charles Castle, Manager, Boiler and Pressure Vessels

BACKGROUND

The Public Safety division of the Department of Environment and Labour is responsible for the promotion of safety within the province. The division is responsible for administering acts and regulations which deal with both the public and mechanical side of safety. Acts such as Steam Boiler and Pressure Vessels, Refrigeration, High Pressure Welding Procedures, Elevators and Lifts as well as amusement devices all fall under the jurisdiction of the Public Safety Division.

The Office of the Fire Marshal under the auspices of the Public Safety Division of the Department of Environment and Labour has the authority to oversee numerous acts and regulations concerning the safety of the general public. The Fire Marshal's Office is responsible for the coordination and facilitation of the fire, fuel and electrical systems in Nova Scotia.

REPORT OF THE AUDITOR GENERAL

In 2001 the Auditor General audited the Department of Environment and Labour - Public Safety division. The scope of the audit is as follows;

- Process for developing and promulgating public safety standards;
- Monitoring, inspection and other public safety activities as they relate to the requirements of legislation, regulations and/or policy;
- System for enforcement of Provincial public safety legislation, regulations and policy;
- Processes used to ensure the competency of personnel involved in public safety inspection, enforcement and certification activities; and
- Accountability framework with respect to public safety.

Copies of this audit can be obtained from the Office of the Auditor General or online at the following address:

http://www.gov.ns.ca/audg/2001/chpt10_01.pdf

MATTERS OF DISCUSSION

There were a number of matters discussed with the witnesses during this meeting. Outlined below are the topics that the Committee focused on during the meeting:

- Elevator inspectors, Lift systems, tracking of problems, amusement devices, boiler inspections;
- Management Information System;

- Use of bromide as a fire retardant, use of possible carcinogens, hardware used in fire fighting;
- Boiler and pressure vessel use, propane inspectors;
- Auditor General's audit, lapse in safety;
- Insurance industry and information required, fire loss reports;
- training and education of Deputy Fire Marshals, fire school, pay scale, morale, policies surrounding certification;
- National Fire Code, Halifax International Airport jurisdiction and inspection process; and
- Offshore jurisdictions (Federal versus Provincial responsibilities), offshore inspections, Canada-Nova Scotia Offshore Petroleum Board (CNSOPB).

DOCUMENTATION REQUESTED

The Committee requested the following document from the Fire Marshall :

- A copy of the Department of Environment and Labour Survey concerning morale and job satisfaction within the Public Safety Division.

A copy of the transcript of this meeting is available from the Legislative Committees Office or it can be found online at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2002may29.htm

ADMINISTRATIVE

MATTERS

OPENING STATEMENT

WITNESSES

House of Assembly
Mr. Gordon Hebb, QC
Chief Legislative Counsel

During the Fall of 2001 members of the Public Accounts Committee expressed concern as to how witnesses should be informed of there rights when appearing before the Committee. After much discussion, the committee met with the Chief Legislative Counsel and what the Committee now refers to as an Opening Statement was created. This Statement is sent to witnesses prior to their appearance before the committee. When witnesses appear before the committee they are asked on the record if they understand their rights and if they have any questions about the statement. Once any/all questions have been answered the committee meeting begins. The statement reads as follows;

Opening Statement to Witness

Nothing that you say to us here today can form the basis nor support a cause of action, either civil or criminal. You are protected from interference, threats or legal proceedings on account of what you may say or do before this Committee. No evidence that you give as a witness before this Committee may be used against you or any other person in any other place without the permission of the House of Assembly except that, if false evidence is given by you under oath or solemn affirmation, you may be charged with perjury. You may be required to give your evidence under oath or solemn affirmation.

You are bound to answer all questions that this Committee sees fit to put to you. If you are unwilling to answer a question, you may, after stating the reason for desiring to be excused from answering, appeal to me as Chair of this Committee as to whether, in the circumstances and for the reason stated, an answer should be given. If you are not excused from answering, you may request that the whole or a part of your evidence be given *in camera* and not be published and the Committee will give consideration to your request.

Approved by the Public Accounts Committee - November 28, 2001

The following notes were made by Gordon Hebb, QC, Chief Legislative Counsel to the Committee and were attached to the original Opening Statement for a reference guide.

Notes

A witness is not entitled to be excused from answering any question notwithstanding, for example,

(a) the *Freedom of Information and Protection of Privacy Act*;

(b) Crown privilege;

(c) an oath not to disclose the matter under consideration;

(d) that the matter is a privileged communication between a solicitor and a client;

(e) that there could be a risk of civil action;

(f) that the question cannot be answered without risking self-incrimination; or

(g) that it would prejudice a defence in pending litigation.

Nevertheless, these examples may be reason, or there may be other reasons, to not require a question to be answered or to hear the answer *in camera* and not publish the answer. By convention, Crown privilege is respected. "In the final analysis, witnesses must rely on the collective common sense of the members of the committee and their good graces.": J. P. Joseph Maingot, *Parliamentary Privilege in Canada* (2nd edition, 1997).

The Chair's decision on whether to permit a question not to be answered may be appealed by any member of the Committee to the Committee.

APPENDICES

MANDATE OF THE PUBLIC ACCOUNTS COMMITTEE (PAC)

The Committee's mandate is derived from the Legislative Assembly.

THE ORDER OF REFERENCE

The Legislative Assembly has appointed the Standing Committee on Public Accounts to :

1. Examine and inquire into all such matters and things as may be referred to it by the Assembly, and to report from time to time its observations thereon with the power to send for persons, papers and records, and to examine witnesses under oath;

2. Review the Public Accounts of the Province of Nova Scotia and the issues raised in the annual report of the Auditor General which have been referred to the Committee.

3. Examine and inquire into any other financial matters involving public funds of the Province of Nova Scotia.

This enables the PAC to proceed without delay with its examinations.

The PAC is not fundamentally concerned with matters of policy. The Committee does not call into question the rationale of government programmes, but rather the economy and efficiency of their administration. Although the PAC hopes to have a continuing influence on the quality of provincial administrative processes, its prime orientation is after-the fact, or post-audit, to understand, assess and correct (through recommendations in its reports to the Assembly) inadequacies, and issues that the Committee and the Auditor General have raised. The resulting "non policy" orientation of the Committee should enable the development of non-partisan spirit within the Committee in order to get at problem s and seek solutions to them.

THE MANDATE

The PAC's mandate is to assist the Legislative Assembly, **within the framework of its Order of Reference from the Legislative Assembly, the Public Accounts of the Province or the Auditor General's report,** to hold the government accountable for its spending of taxpayers' money and for its stewardship over public assets.

To fulfil its functions and meet its responsibilities, the Committee will undertake to review, examine and evaluate the financial and administrative activities of government departments, agencies, crown corporations, and any person or institution receiving financial assistance from the government, cited in the Public Accounts or the Report of the Auditor General. The Committee will conduct its work within **the framework** of its **Order of Reference** as follows:

The Committee may include in its review:

- the information in the Public Accounts for reliability and appropriateness;
- the information in the annual Financial Reports;
- matters raised in the Auditor General's report;
- any audit report on the Office of the Auditor General;
- clauses within intended or proposed legislation or am endments; which exclusively pertains to the responsibilities of the Auditor General;
- the activities of the Office of the Auditor General and the resources allocated to it.

The Committee may include in its examination;

- past and committed expenditures insofar as they relate directly to and have an impact on matters under review to assist the Committee in understanding the context;
- the collection of and accounting for revenues;
- the probity and value for money in expenditures;
- the adequacy of safeguards to protect assets from loss, waste and misappropriation;
- whether appropriate financial management controls are in existence.

The Committee may include in its evaluation;

- the activities of all government departments, agencies, crown corporations, and any persons or institutions receiving financial assistance from the government;
- the value for money obtained through divestiture of any crown corporation or agency;
- the systems and practices to determine whether transfer payments are used for purposes intended;
- the efficiency, economy and effectiveness in implementation of government programs and in their achievement of stated goals;
- whether expenditures are within the limits and for purposes authorized by the Legislature and in general, in compliance with legislative authority;
- any financial management reforms in government to determine whether due regard is given to maintaining legislative accountability.

In carrying out its role the Committee will seek to:

- work with the Auditor General to achieve accountability to the Legislative Assembly;
- obtain all financial information and documents necessary for the Committee's work except for records which are privileged in the narrowest sense such as Executive Council papers;
- avoid matters of government policy;
- study any other matters referred to it by the Legislative Assembly;
- report its findings and make recommendations at least annually to the Legislative Assembly.

OPERATING PRINCIPLES / PRACTICES

CHAIR

1. The Chairperson plays a leading role in all aspects of Committee work. The Chairperson participates in the questioning of witnesses and in other Committee deliberations, presides at all meetings, decides questions of order and procedure, maintains order and decorum and is the spokesperson for the Committee.

2. Pursuant to Rule 60(3) the Chairperson of the Public Accounts Committee shall be the member chosen at the commencement of the first session of each Assembly by the Opposition House Leader from among such members of the Committee as are members of the Official Opposition.

3. The Vice-Chairperson is also chosen in this same manner, from the Government Members of the Committee.

MEMBERSHIP

4. Member substitutions are permitted and these substitutes enjoy all of the rights and privileges pursuant of the member they are substituting for. Any member of the Legislature may attend the committee meetings if they wish, but only members or substitutes for members of the committee may vote.

MEETINGS

5. Meetings are called by the Chairperson in consultation with all parties represented on the Committee.

6. The Committee will schedule sufficient meetings to discharge its responsibilities.

7. The Committee will normally not hold meetings during hours when the Legislature is sitting.

8. The Chairperson may hold meetings to receive evidence (votes shall not be taken) when a quorum is not present, if so authorized by the Committee, so long as both sides of the Legislature are represented.

9. The Committee may decide to meet outside the Legislative Buildings.

10. Except where the Committee feels the circumstances do not require his presence, the Auditor General should be in attendance at all Committee meetings to provide advice and opinions on accounting and administration matters and/or on issues in his report.

11. Members of the Committee should strive to develop a consensus approach in researching issue as means to maintain a non-partisan sprit.

IN-CAMERA MEETINGS

12. All Committee meetings are open to the public, except *in camera* meetings which shall be allowed at the discretion of the Committee.

13. *In Camera* meetings should be held only in instances when evidence of a particularly sensitive nature is given or when the Committee deems necessary, for example:

- when dealing with matters under police investigation;
- where public hearings would constitute an unreasonable intrusion into the privacy of individuals;
- when the evidence could impact upon the competitive position of a company; and
- when dealing with matters that could effect national security.

14. Discussion of the Committee's draft reports to the Legislature will be *in camera* but final approval thereof will be in public.

15. Briefings by the Auditor General on subjects the Committee will review will be *in camera*.

BRIEFING PROCESS AND OPERATION

Preparation :

16. The Committee should spend sufficient time identifying issues raised in, but not limited to the Auditor General's reports prior to deciding on the witnesses to be invited to the hearings.

17. The Committee will seek to obtain a through briefing from the Auditor General on the background and substance related to the appearance of specific witnesses, and to assure that any necessary documents are available.

18. The Committee will request any available responses or updates prepared by an audited department, prior to its appearance.

19. Motions for major items should be deferred to the next meeting to allow Members time to prepare for debate.

Witnesses :

20. The Chairperson will explain to witnesses their legal position, in regard to future action that might arise from their testimony.

21. Deputy Ministers and Senior Officials may be called before the Committee, with respect to their administration duties and implementation of activities.

22. Witnesses shall be treated fairly when they appear before the Committee.

Questioning of Witnesses :

23. Based on the Auditor General's briefing and/or any additional research the Committee may establish lines of inquiry.

24. Lines of inquiry and preliminary questions may be provided to witnesses so that these may be addressed in their opening statement.

25. Members will be advise the Chairperson of their desire to ask questions and the Chairperson will apportion time equitably among members.

Scope of Examination :

26. The Committee will seek to concentrate on issues of management and financial administration.

27. In examining the year under review, the Committee may review past and committed expenditures insofar as they relate directly to and have impact on matters falling within the year under review, to assist the Committee in understanding the context of these matters.

28. With respect to any matter under consideration, the Committee may request the Auditor General to perform specific reviews.

29. The Committee may from time to time request the Legislature to refer to the Committee legislation dealing with *The Auditor General's Act* or other legislative initiatives relevant to the Committee's mandate.

REPORTS TO THE ASSEMBLY

30. The Committee shall report at least annually to the Legislature and may include in its report a request for the government to table a response within 120 days.

31. The Committee's report should be detailed and comprehensive.

32. The Committee will not include minority reports, dissenting opinions or reservation in its report to the Legislature.

33. Names of individuals shall not be included in the Committee's report excepting by direct quote, unless the Committee agrees that extenuating circumstances warrant it.

34. The Committee may refer to any review of confidential evidence which it has conducted but shall not include such evidence in its report.

35. The Chairperson will table all Committee reports in the Legislature, or should the Legislature be adjourned or prorogued, reports shall be tabled with the Clerk of the House.

FOLLOW-UP

36. There shall be a systematic review by the Committee of government action and formal responses to the Committee's recommendations, in order to complete the accountability cycle.

VERBATIM AND MINUTES OF PROCEEDINGS

37. Verbatim transcripts and minutes of proceedings are to be prepared for all committee meetings. For *in camera* meetings, the Committee will decide on the advisability of having confidential and unpublished verbatim transcripts and minutes.

38. Where the Committee has determined to forego verbatim transcripts, minutes for *in camera* meetings should record only attendance, subject-matter discussed and decisions reached, but no details of discussions or testimony or a record of how a Member voted.

RESOURCES

39. The Committee will endeavor to obtain all necessary resources, including research support, to fulfil its role and responsibilities in an effective and efficient manner.

PROFESSIONAL DEVELOPMENT

40. Meetings of the Committee may be held from time to time for professional development purposes.

AGENDA AND PROCEDURES COMMITTEE

41. The Agenda and Procedures Committee will be composed of the Chairperson and Vice-Chairperson and such other Members as the Committee deems necessary. The Agenda and Procedures Committee will meet *in camera* at the call of the Chairperson, to propose to the Committee, agencies and witnesses to be called, to assist in finalizing reports, to review sensitive documents, to monitor the progress of the Committee work and such other responsibilities as deemed necessary.

STATEMENT OF SUBMISSION

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All of which is respectfully submitted to the
House of Assembly this 13th day of November, 2002

William Estabrooks, MLA
Chairman

I concur

Jim DeWolfe, MLA
Vice Chairman

I concur

Jon Carey, MLA

I concur

Richard Hurlburt, MLA

I concur

Barry Barnet, MLA

I concur

Brooke Taylor

I concur

Graham Steele, MLA

I concur

Russell MacKinnon, MLA

I concur

Don Downe, MLA

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